



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2372 (1951)

September 25, 1991

SUBJECT: Impact of Credit Reform on Field Office Operations

TO: State Directors, District Directors,
County Supervisors, and Assistant
Administrator, Finance Office

PURPOSE/INTENDED OUTCOME:

This administrative notice (AN) addresses changes in the Program Loan Accounting Systems (PLAS), Guaranteed Loan Accounting System (GLAS), and the Automated Multi-Housing Accounting System (AMAS) processes and the timeframe the systems are scheduled to be unavailable due to the implementation of the Federal Credit Reform Act of 1990.

COMPARISON WITH PREVIOUS AN:

There are no previous AN's on this subject.

IMPLEMENTATION RESPONSIBILITIES:

The Federal Credit Reform Act of 1990 requires FmHA to recognize the estimated cost of servicing each individual loan obligation for the life of the loan. Beginning October 1, 1991, each loan obligation and credit sale transaction will require an obligation of funds to cover the government's cost to service the loan in addition to the loan funds obligation.

The magnitude of the Credit Reform implementation effort and the concurrent automation changes in support of fiscal yearend closeout and startup requires that the PLAS, GLAS, and AMAS systems be taken out of production at the close of business September 30, 1991. The systems are scheduled to resume processing capabilities at the beginning of business on October 7, 1991. This action is required to ensure all fiscal yearend processes are completed before the automation changes for Credit Reform are activated. The signon screens to the appropriate systems will apprise the field offices when limited/full operations have resumed.

Following are the new processing requirements for PLAS, GLAS, and AMAS transactions.

EXPIRATION DATE:
October 31, 1992

FILING INSTRUCTION:
Preceding FmHA
Instruction 1951-A



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PLAS and GLAS transactions

1. Transaction Code 1A, Insured Loan or Grant - Obligation Only and Transaction Code 1B, Insured Loan or Grant - Obligation with Check Request

The procedure to data input loan obligation transactions on the automated accounting system will not change. Discrepancy Code 94 has been expanded to include rejection of the obligation transaction if the obligation/subsidy request exceeds the allotment at the National level. Upon rejection, the State Office should contact the appropriate Program Staff in the National Office for assistance.

2. Transaction Code 1G - Credit Sales

This transaction will require obligation of loan funds and funds to cover the servicing costs. As a result, Transaction Code 1G, Credit Sale, will also reject for Discrepancy Code 94 if funds are available.

3. Transaction Code 1T - Correction of Loan Statistical Information

Field Offices will be prohibited from changing the Type of Assistance Code and Fiscal Year on Transaction Code 1T. The capability to modify these fields with Transaction Code 1T will be restricted to a Finance Office jurisdiction beginning October 1, 1991.

4. Transaction Code 1M - Transfers, Reamortizations, and Consolidations

FmHA has not received guidance from OMB regarding the processing of transfers or reamortizations/consolidations which combine obligations established in fiscal year 1991 and prior with obligations established in fiscal year 1992. As a result, these transactions will be restricted from processing and should be held in a pending operational file until further guidance. Transfers, reamortizations, and consolidations with a date of obligation prior to October 1, 1991, should be processed in accordance with current procedures.

5. Transaction Code 3E - Acquisitions

Acquisitions which combine obligations established in fiscal year 1991 and prior with obligations established in fiscal year 1992 will also be restricted from processing and should be held in a pending operational file until further guidance.

Changes to Operating Loan Programs

Under Credit Reform two new types of assistance codes are being established to distinguish 1 year loans from 7 years loans. The type of assistance for Operating Loans (OL) are as follows:

- 050 - Operating Loan-Limited Resource - 7 years
- 051 - Operating Loan-(Except Youth) - 7 years
- 112 - Direct Operating Loan-Regular - 1 year
- 117 - Direct Operating Loan Limited Resources - 1 year

Operating loans being established with a repayment term greater than one year should reflect the appropriate type of assistance code for seven year loans.

The automated capability to process operating loans for Socially Disadvantaged Applicants/Borrowers is being deferred until further notice. In the interim, all such loans should be entered into the system using an appropriate existing type of assistance code. A record must be maintained of these loans for making necessary corrections to the type of assistance codes when the automated capability is made available. Further guidance will be provided as to interim reporting and additional processing of operating loans for socially disadvantaged borrowers.

AMAS transactions

1. Transaction Code MLA - Record Loan/Grant Obligation

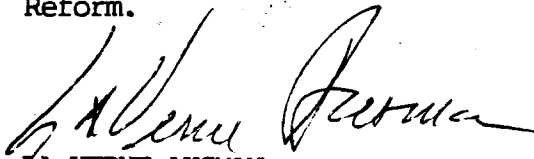
The procedure to data input loan obligation transactions into the automated accounting system will not change. However, obligation transactions will reject if funding is not available to cover the estimated cost of servicing the loan. Upon rejection, the State Office AMAS coordinator should contact the Multi-Housing Processing Staff in the National Office for assistance.

2. Transaction Code M4G-Transfers, MLM-Reamortizations, and M4I-Consolidations

Transfers/Reamortizations/Consolidations which combine obligations established in fiscal year 1991 and prior with obligations established in fiscal year 1992 will be rejected to a pending file until further guidance.

An AMAS Newsletter will be issued in October addressing the screen modifications and transaction and discrepancy processing changes resulting from implementation of the Credit Reform Act.

Contact the Filed Support Section at FTS 262-2591 or commercial (314) 539-2591 if you have any questions regarding the above changes established under Credit Reform.


LA VERNE AUSMAN
Administrator

Sent by Time Delay Option to States at 3:00 pm on 10/1/91; to Districts at 9:00 am on 10/2/91; and Counties at 11:00 pm on 10/2/91 by GSS.